

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industrial Promotion – Making Ferro Alloy activity with captive power generation eligible for incentives under Industrial Investment Promotion Policy (IIPP) 2010-15 by deleting item No.37 of the ineligible list of the policy – Amendment – Orders- Issued.

INDUSTRIES & COMMERCE (IP) DEPARTMENT

G.O.Ms.No. 122

Dated:23-10-2013
Read the following:-

1. G.O.Ms.No. 61, Industries and Commerce (IP) Department, dated:29.06.2010.
2. Representation of M/s Shri Girija Alloy and Power (I) Pvt., Limited, Peddapuram, East Godavari District and M/s Sarda Metals and Alloys Pvt. Limited, Vizianagaram
3. The State Investment Promotion Committee Meeting held on 03.01.2013.
4. The State Investment Promotion Board Meeting held on 26.04.2013

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ORDER:-

Manufacturing of Ferro Alloys is highly power intensive industry and power is the main input (40% to 70% of the production) in the cost of production. As such, "Ferro Alloy Activity" is being put in the negative list under industrial policies as being Power Intensive Industry.

2. Some of the recently implemented Ferro Alloy companies requested for special package of incentives duly making the line of activity Ferro Alloys with captive power generation eligible under the IIPP 2010-15.
3. The State Investment Promotion Committee (SIPC) has discussed the issue in detail in its meeting held on 16.06.2012 and recommended to SIPB for making Ferro Alloy industry eligible for incentives under IIPP 2010-15, provided the industry sets up its own Captive Power Generation Plant including group captive power generation for self-consumption without drawing power from DISCOMS. Accordingly, SIPC recommended Ferro Alloy companies with captive power for normal incentives as per policy, except power cost reimbursement.
4. The State Investment Promotion Board (SIPB) in its meeting held on 27.06.2012 has discussed the proposal in detail and decided to make the Ferro Alloy Industry with Captive Power Generation eligible for incentives under IIPP 2010-15 provided that the unit does not take grid connectivity.
5. However Ferro alloy companies with captive power and have represented that the Grid Connectivity is a must as every captive power plant requires startup power and evacuation facility for selling surplus power to the grid whenever such situation arises. The Companies have also represented that technically it is not possible for any unit to export and import power at the same time through a single connection. The companies have agreed to give an affidavit to this effect that the grid connection will use for supply of power generated their captive power plant and not avail concessional power tariff from the DISCOMS. It has been brought to notice of the Government that *once connected to grid for whatever reason it is grid connected and the grid dependent. Drawl of power is not material. Industries with Captive generation, take grid connection for reactive power as well as sale of surplus power. Hence, they are very much grid connected.*
6. It is also brought to the notice of State Investment Promotion Committee (SIPC) *that the Ferro Alloy plants require huge reactive power at the time of start-up and advised to defer the decision till April 2013. After detailed discussions, State Investment Promotion Committee advised that the matter should be examined by a technical committee and their recommendations could be placed before the State Investment Promotion Board.*

(P.T.O)

7. *After reviewing the facts of the case the State Investment Promotion Board (SIPB) approved the proposal to provide incentives to the Ferro Alloy Industries with captive power generation provided that the unit does not draw any power from the grid for the production purpose and the Ferro Alloy Industries will pay for start up power as per the usual tariff of APTRANSCO.*

8. Government after careful examination of the issue and the recommendation of the State Investment Promotion Board (SIPB) have decided to amend the G.O.Ms.No.61, Ind.& Com.(IP) Dept., dt: 29.06.2010. Accordingly, the Government hereby delete the item No.37 of the list of ineligible industries in Annexure-III of the G.O.Ms. No. 61, Industries and Commerce (IP) Department, dated: 29.06.2010 and after para 4.1.24 of Annexure-I of the G.O.Ms. No. 61, Industries and Commerce (IP) Department, dated: 29.06.2010, following shall be inserted, namely;

4.1.24(a): The Ferro Alloy Industries with captive generation should not draw any power from the grid for production purpose. However, for the start up purpose power can be drawn from grid for which the industry shall pay the usual tariff of APTRANSCO

9. The Commissioner of Industries, Hyderabad shall take necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**K. PRADEEP CHANDRA,
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To
The Commissioner of Industries, A.P., Hyderabad.
The Accountant General, Andhra Pradesh, Hyderabad
Copy to:
The Energy Department.
The Law (J) Department
The Pay and Accounts Officer, Hyderabad
All District Collectors in the State.
All Heads of Departments,
All Departments of Secretariat
P.S. to Chief Secretary to Government, Hyderabad
P.S. to Additional Secretary to Chief Minister.
All Private Secretaries to the Ministers
All Government companies and Corporations
The Finance (Expenditure - Industries and Commerce) Department
All General Managers, District Industries Centre in the State
All sections in the department.
P.S. to Principal Secretary to Government & CIP, Industries & Commerce Dept.
SF/SC

//FORWARDED::BY ORDER//

SECTION OFFICER